

C. Program Policies

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POLICY TYPE: TFFR Program

POLICY TITLE: Actuarial Margin

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that the division of the benefit improvements (as measured by margin used) between active and retired members is approximately proportional to the number of members in each group. This requirement will be considered to be met if the fractions F and F' defined below are within five (5.0) percentage points of one another.

F is equal to (i) the margin spent on retiree improvements, divided by (ii) the total margin spent.

F' is equal to (i) the number of retirees, divided by (ii) the total number of members.

For purposes of this policy, retired members will include all members currently receiving benefits, including service retirees, disabled retirees, and beneficiaries receiving benefits; vested inactive members will be included with active members; and the total number of members will include retirees, active members, and vested inactive members, but will exclude nonvested inactive members. The membership statistics used for this purpose will be those from the most recently completed actuarial valuation.

TFFR Board Adopted: May 30, 1996.

POLICY TYPE: TFFR Program

POLICY TITLE: Actuarial Review

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that an actuarial valuation of the Fund be performed or reviewed by an independent actuary on an annual basis.

The annual actuarial valuation report must include the following certifications:

1. The valuation must be performed by an independent actuary who is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems.
2. The valuation must be prepared in accordance with principles of practice prescribed by the Actuarial Standards Board.
3. The calculations must be performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the system.

Furthermore, an actuarial review of the system's actuarial valuation is to be performed at least every tenth year. The review is to include an evaluation by an independent actuary, other than the one who performs the plan's actuarial valuation, for the purpose of expressing an opinion on the reasonableness or accuracy of the actuarial assumptions, actuarial cost methods, valuation results, contribution rates, and certifications as described above.

An actuarial experience study must be performed at least every five years. The experience study is to include mortality, retirement, employment turnover, and other necessary items required by the board.

An asset-liability study must also be performed at least every five years, or more frequently as determined by the Board. The asset-liability study will project the active and retired membership over a specific time-horizon and under various asset allocations.

TFFR Board Adopted: February 24, 1994.

Amended: July 16, 1998.

POLICY TYPE: TFFR Program

POLICY TITLE: Automatic Refunds

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that the Deputy Executive Director - Retirement Officer may waive an automatic refund based on necessary documentation. The number of approved 36-month waivers of automatic refunds is limited to four consecutive waivers (total of 12 years) per nonvested member.

TFFR Board Adopted: November 21, 1996.

Amended: July 16, 1998; November 18, 1999.

POLICY TYPE: TFFR Program

POLICY TITLE: Board Agenda

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that any individual or organization who desires to appear on the agenda of a scheduled meeting should notify the Deputy Executive Director - Retirement Officer in writing at the administrative office ten working days prior to the meeting date. This will allow sufficient time to place them on the agenda and adjust the meeting schedule.

TFFR Board Adopted: March 27, 1977.

Amended: July 16, 1998; November 18, 1999.

POLICY TYPE: TFFR Program

POLICY TITLE: Board Meetings

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to conduct six board meetings each year. Meetings will be scheduled for the day preceding the State Investment Board meetings beginning in July of each year.

Special board meetings may be called in accordance with NDCC 15-39.1-06.

TFFR Board Adopted: May 27, 1993.

Amended: July 16, 1998.

POLICY TYPE: TFFR Program

POLICY TITLE: Deductions from Annuity Checks

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to allow teachers and beneficiaries drawing retirement benefits to have payroll deductions subtracted from their monthly payments.

To initiate, change, or stop a deduction, the teacher must notify the administrative office in writing at least ten working days prior to the date the monthly benefit is issued. All deductions withheld will be forwarded to the appropriate entity within three working days after the first of the month or as required by federal/North Dakota state law. Authorization forms are to be kept on file at the administrative office.

The following deductions are available to teachers and beneficiaries receiving monthly benefits:

- Health, life, and other insurance premiums payable to the Public Employees Retirement System (NDPERS).
- Annual dues payable to the Retired Teachers Association (RTA) and the North Dakota Education Association Retired Organization.
- Federal and North Dakota income tax withholdings.
- Child support payments under a Qualified Domestic Relations Order (QDRO).

Additional health and life insurance companies may be added upon approval by the Board.

TFFR Board Adopted: May 27, 1993.

Amended: July 16, 1998; March 23, 2000.

POLICY TYPE: TFFR Program

POLICY TITLE: Disclosure to Membership

It shall be the policy of the Teachers' fund for Retirement Board of Trustees that member handbooks, member statements, and annual financial reports be provided for TFFR members.

- Member Handbooks (Summary Plan Descriptions)

Employers are required to submit enrollment forms for all new members upon employment. All new members will be mailed a current Member Handbook to their home address within six months of their commencement of participation in TFFR. The handbook will include information about membership, contribution rates, service credit, benefit provisions for service retirement, disability retirement, and survivor benefits, eligibility for those benefits, and how to make application.

All members will be mailed an updated copy of the Member Handbook within one year after adoption of any significant legislative changes made to the plan.

- Member Statements

All active and inactive members will be mailed a statement to their home within six months of fiscal year end reporting the status of their member account as of June 30 of the current year. The information to be reported annually will include: member's name, address, social security number, date of birth, beneficiary on file, value of account, retirement salary reported for current year, service credit earned during the current year, accumulated service credit, date of eligibility for unreduced benefits, retirement benefit estimate, and other information pertinent to the teacher's account.

All retired members and beneficiaries receiving monthly benefits will be mailed a statement to their home annually. The information will include: retired member's name, address, social security number, date of birth, beneficiary on file, value of account, accumulated service credit, retirement date, retirement option, benefits received life-to-date, current monthly benefit, and adjustments to benefit (if applicable).

- Annual Financial Report

An annual financial report will be published within nine months following every fiscal year end. The report will include financial, actuarial, and investment information about the plan. Upon request, it will be provided to any TFFR member, benefit recipient, or public employer covered by the plan.

TFFR Board Adopted: July 16, 1998.

Amended: July 18, 2002.

POLICY TYPE: TFFR Program

POLICY TITLE: DPI Employees Retirement Plan Election

It shall be the policy of the TFFR Board of Trustees to allow Department of Public Instruction (DPI) employees hired after January 6, 2001, who are eligible for TFFR coverage, to irrevocably elect to become a member of the Public Employees Retirement System (NDPERS) under the following guidelines:

- The employee must complete the “NDPERS/TFFR Membership Election” form within ninety days of hire. Until this election is made, the employee will be enrolled in the NDPERS retirement plan. If no election is made, the employee will be transferred to TFFR.
- If the employee is a former DPI employee or is retired from DPI and receiving TFFR benefits, the employee must have a one-year break in DPI service to be eligible to make this election.
- Except for the Superintendent of Public Instruction, any new employee who is entered onto the payroll of the Department of Public Instruction, including employees of the Division of Independent Study, after January 6, 2001, are eligible to make this election.

TFFR Board Adopted: January 25, 2001.

POLICY TYPE: TFFR Program

POLICY TITLE: Employer Payment Plan Models

The Teachers' Fund for Retirement Board has developed three basic models relating to employer payment of member contributions. Models 1, 2, and 3 are outlined in employer instructions prepared by the fund. Special provisions apply to state agencies, college teachers grandfathered in under old laws, counties, and employers that have not adopted a model.

Employers must select the Employer Payment Plan model under which they will pay member assessments on a form provided by the administrative office. The model selected by the employer can only be changed once each year at the beginning of the fiscal year.

Effective July 1, 2003, employers may no longer select Model 3. Any employers currently paying member contributions under this model may continue as a closed group, but Model 3 will no longer be available to other employers.

TFFR Board Adopted: July 16, 1998.

Amended: March 13, 2003

POLICY TYPE: TFFR Program

POLICY TITLE: Employer Reporting Errors

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that when an unintentional error in the reporting of retirement contributions by a participating employer is discovered during an internal audit or other review, the following policy shall be in effect:

- The participating employer will be billed for all material shortages due plus interest or refunded for all material overpayments.
- The interest charged to the participating employer shall be the actuarial assumption for earnings of the trust.
- The time period shall be from the onset of the error or three years prior to the beginning of the current fiscal year.
- Failure of the participating employer to pay the required shortages will constitute "failure to make required reports and payments" and require application of Section 15-39.1-23, NDCC.
- The TFFR Board reserves the right to negotiate with a participating employer in special situations.

TFFR Board Adopted: February 22, 1996.

Amended: July 16, 1998; January 24, 2002; April 15, 2004.

POLICY TYPE: TFFR Program

POLICY TITLE: Employer Reports

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to require all employer units to report the collection and payment of member assessments and employer contributions on a monthly basis to the Retirement and Investment Office. Both payment and report must be postmarked or sent via the internet by the 15th day of the month following the end of the reporting period. Employer reports must be in a format approved by the TFFR Board and may be submitted in one of the following ways: 1) manual – paper reports, 2) electronically – diskettes, 3) internet.

The administrative office will monitor late TFFR reports and payments by employers. Employers that do not meet the established deadlines for filing required reports shall be assessed a civil penalty as required in NDCC 15-39.1-23 unless the Deputy Executive Director – Retirement Officer approves a request for a waiver of the penalty under special circumstances such as:

- Death, surgery, or illness of the individual responsible for TFFR reports or their family.
- “Acts of God” that require an employer to close school such as blizzards, storms, or floods.
- Unforeseen events such as resignation of the individual responsible for TFFR reports, computer malfunction, etc.

The request for a waiver must be in writing and signed by the administrator and the individual responsible for submitting the report.

In all late situations, member assessments and employer contributions will be collected from the employer at the earliest date possible. Employers cooperating with TFFR to resolve the late filing of a report shall not have their state apportionment money (foundation payments) withheld, but will be assessed interest as required in NDCC 15-39.1-23.

TFFR Board Adopted: August 29, 1996.

Amended: July 16, 1998; November 18, 1999, March 22, 2001.

POLICY TYPE: TFFR Program

POLICY TITLE: Head Start Program Employees

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that employees of a Head Start Program (which is not a U.S. Department of Education Program) who are certified to teach and contracted with a school district or other participating employer, are members of TFFR if the following conditions are met:

- Grantee agency for the Head Start Program is the school district which is governed by the local school board.
- Head Start Program employees are on the school district teaching or administrative faculty in positions such as coordinator, director, teacher, or home visitor.
- Head Start Program employees are on the school district salary schedule and negotiate for salary and benefits like other school district teaching faculty.

TFFR Board Adopted: November 20, 1997.

POLICY TYPE: TFFR Program

POLICY TITLE: Information Dissemination

It is the policy of the Teachers' Fund for Retirement Board of Trustees to allow member and employer interest groups and other approved third parties to send specific information to the TFFR membership using a "blind mailing" method. The information to be mailed and third party organization must be approved by the RIO Deputy Executive Director in advance. Member and employer interest groups include, but are not limited to, ND Council of Educational Leaders, ND Education Association, ND Retired Teachers Association, and ND School Boards Association.

Under the "blind mailing" method, the third party must submit information or materials they wish to send to TFFR members. The third party must sign an agreement that they will not use the mailing to engage in partisan political activities.

If approved, the third party will forward the materials to an independent mailing company approved by TFFR. The mailing company must sign a "no disclosure" agreement with TFFR.

TFFR will then supply membership mailing information to the mailing company. The mailing company will combine the material from the third party with the mailing list and send to TFFR members. The cost of the mailing will be paid by the third party.

TFFR Board Adopted: July 15, 1999.

Amended: November 15, 2001.

POLICY TYPE: TFFR Program

POLICY TITLE: IRS Levies

Effective June 1, 1998, it shall be the policy of the Teachers' Fund for Retirement Board of Trustees to honor IRS levies on the retirement benefits being paid to TFFR members and beneficiaries.

TFFR Board Adopted: July 16, 1998.

POLICY TYPE: TFFR Program

POLICY TITLE: Level Income Option

It shall be the policy of the TFFR Board of Trustees to allow members who select the level income retirement option:

1. To level to age 62 or normal retirement age (including any fractional age from age 65 to 67).
2. To combine the level income option with the service retirement options offered (single life annuity, 100 and 50% joint and survivor, 10 and 20 year term certain and life annuity).
3. To reduce a member's retirement benefit the second month following the month the member reaches age 62 or normal retirement age.
4. To apply postretirement legislative benefit increases to the teacher's non-level income monthly retirement benefit.

TFFR Board Adopted: May 29, 1997.

Amended: July 16, 1998; July 24, 2003.

POLICY TYPE: TFFR Program

POLICY TITLE: Military Service Credit

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that a teacher purchasing military service be credited with a full year of credit if the service was rendered for at least 175 school days or a period of nine months within any fiscal year.

TFFR Board Adopted: December 5, 1980.

Amended: July 16, 1998.

POLICY TYPE: TFFR Program

POLICY TITLE: Outreach Program Facilities

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees that school district facilities used for TFFR outreach programs must meet ADA requirements. In addition, authorized school district employees must be present to direct guests to the proper meeting room and lock the building at the close of the program. RIO employees who are conducting outreach programs for TFFR members are not allowed to be in school district buildings without the presence of an administrator, teacher, or other authorized school district employee.

RIO staff will not be able to conduct outreach programs at that site if the above conditions are not met.

TFFR Board Adopted: April 22, 1999.

POLICY TYPE: TFFR Program

POLICY TITLE: Payment of Benefits

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to distribute payments for benefit claims (annuities, refunds/rollovers) once per month. Distributions will be mailed on the last working day of the previous month payable on the first working day of each month.

In order for a teacher to assure receipt of a benefit payment on the first working day of the month, the required information and forms must be filed with the administrative office at least ten working days prior to the distribution date.

Special circumstances may allow the Deputy Executive Director - Retirement Officer to authorize special checks to pay benefit claims. The following shall be considered special circumstances:

- Payment of claims to beneficiaries relating to the death of a teacher.
- Replacement of lost checks.
- Unforeseen circumstances that delay the processing of the claim which are not due to actions by the teacher.

Payments to a teacher approved for a refund/rollover will include all contributions and interest paid by a teacher for the purchase and repurchase of service credit. This is in addition to the entitled refund of accumulated assessments plus interest. The Deputy Executive Director - Retirement Officer may waive the 120-day waiting period for refunds/rollovers based on necessary documentation. Overpayment of refunds/rollovers resulting from erroneous information reported by an employer will be charged back to the employer.

TFFR Board Adopted: May 27, 1993.

Amended: July 16, 1998; November 18, 1999.

POLICY TYPE: TFFR Program

POLICY TITLE: Return to TFFR Covered Employment

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to closely monitor retired TFFR members who return to TFFR covered employment. Participating employers and retirees will be required to complete a TFFR Retired Member Employment Notification Form within thirty days of the date a retiree is employed in teaching, supervisory, administrative, or extracurricular services.

Time spent performing extracurricular duties and professional development are excluded in the annual hour limit that retirees may return to work under the General Rule. NDAC 82-02-01-01 defines extracurricular services as outside of the regular curriculum of a school district or other participating employer which includes advising, directing, monitoring, or coaching athletics, music, drama, journalism, and other supplemental programs. For the purpose of excluding hours toward the retiree annual hour limit, extracurricular also means any duty outlined in the extracurricular schedule of a participating employer's master agreement, unless the duty was part of the retiree's regular job duties and base salary prior to retirement.

TFFR Board Adopted: May 29, 1998.

Amended: September 27, 2001; July 24, 2003.

POLICY TYPE: TFFR Program

TFFR TITLE: TIAA-CREF Offset Calculation

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to calculate the TIAA-CREF offset for teachers selecting the 1975 Alternative C Formula for retirement benefits.

It is the responsibility of the teacher to provide the administrative office with information relating to the teacher's retirement date and contribution levels to TIAA and/or CREF on an official agency form. Based on the data provided, the administrative office will request a calculation of certified benefits from TIAA-CREF.

The teacher's retirement benefit as certified by TIAA-CREF will be used as the offsetting amount when calculating the TFFR retirement benefit.

This policy relates to a closed group of college teachers participating in TFFR. The policy shall cease upon retirement of the last participant in the group.

TFFR Board Adopted: January 9, 1976.

Amended: May 27, 1993.

POLICY TYPE: TFFR Program

POLICY TITLE: Travel

It is the policy of the Teachers' Fund for Retirement Board of Trustees that the Board President is authorized, in consultation with the RIO Deputy Executive Director, to grant approval for travel outside of the continental United States by TFFR board members and to keep the Board informed on travel requests.

TFFR Board Adopted: September 27, 2001.

POLICY TYPE: TFFR Program

POLICY TITLE: Voiding Checks

It shall be the policy of the Teachers' Fund for Retirement Board of Trustees to void any uncashed benefit checks for the payment of retirement, disability, survivor, and refund benefits after six months. Should the payee request payment after six months, the Retirement and Investment Office will re-issue a check, but without additional interest.

TFFR Board Adopted: November 21, 1996.

Amended: July 16, 1998.